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STATE SENATOR • 17TH SENATE DISTRICT

Capitol Update

By Senator Howard Marklein

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Our Gift to the Economy

Many of us will be shopping in the next month as we search for the perfect gifts for our family and friends. Whether we peruse the sales online or spend our money locally at a small business nearby, the dollars we spend for Christmas gifts and holiday cheer have a tremendous impact on every level of our economy.

National experts and economists predict that consumer spending will be very strong this season based on the volume of shoppers who took advantage of Black Friday, Shop Small Saturday and Cyber Monday deals that kicked-off the shopping season. The National Retail Federation said that 154 million consumers shopped on Black Friday, which is more than the 130 million who voted in the most recent election! According to Bloomberg, the average spending per person was \$248.

Adobe, the digital experience company, released its 2016 online shopping data for Cyber Monday and the holiday weekend. Their data shows that Cyber Monday hit a new record with \$3.39 billion spent online, a 10.2 percent increase. This will mark the largest online sales day in history, surpassing Black Friday (\$3.34 billion) by a narrow margin. They also reported that the holiday shopping season so far (November 1-28) is expected to drive a total of \$39.9 billion in online revenue, a 7.4 percent increase, with 27 out of 28 days this holiday season generating over \$1 billion.

Locally, many of our small shops and businesses held promotional events on Shop Small Saturday, traditionally the Saturday after Thanksgiving. In addition, there are events and promotions planned on nearly every main street in the 17th Senate District to encourage local shopping and patronage this year.

This strong economic impact of the holiday season comes on the heels of a very strong third-quarter for the national economy which grew at a 3.2% annualized rate in the three months that ended in September. The rise in Gross Domestic Product (GDP), which represents the value of all goods and services produced in the economy, is due mostly to consumer spending and residential investment such as household purchases of furniture, appliances and other improvements. Combine this success with a strong holiday season and we are giving a great gift to our economy.

The dollars we spend in local businesses and online have a much larger impact than we probably realize. According to Wisconsin's Comprehensive Annual Financial Report (CAFR), retail jobs contribute more than \$11 billion in personal income for Wisconsin families. Retail is the fourth largest industry in our state behind agriculture, manufacturing and health care. Roughly 430,000 Wisconsinites work in retail.

There are 10 major, national retail companies headquartered in Wisconsin including the Kohl's stores, Culvers, Kwik Trip and Menards. With employees at headquarters and brick-and-mortar businesses, strong support for these Wisconsin companies has a double impact on our local economy. We pay for

their goods and services, which they, in turn, pay out to their employees, who reinvest these dollars in our communities. This is a win-win-win for our communities where these major corporations are headquartered.

In addition, United States Census data tells us that 77% of retail companies have fewer than 10 employees, illustrating how small businesses still drive the retail economy, especially in rural communities. On main streets all over the state, small businesses are creating jobs, offering products and services and bolstering our economy. It is very important to shop small this holiday season.

If you do opt to shop online, it is your responsibility to keep track of unpaid internet sales tax for goods you buy from out-of-state retailers who do not collect sales tax and pay it as a part of your 2016 tax filing in the new year. While you may think you are getting a deal by avoiding the sales tax with online shopping, there are a couple of very important reasons to pay the tax:

1. It's the law.
2. It levels the playing field for local merchants who support our communities.
3. It levels the playing field for local businesses and significant employers who also operate major e-commerce businesses such as Lands End, Colony Brands, etc.

As you pile presents under the tree, host parties and spread cheer, consider supporting Wisconsin and local businesses with your purchases. We are blessed to live in a state with tremendous companies and innovative entrepreneurs who offer an array of options for you to gift. If you are searching for a gift, consider a business from the Something Special From Wisconsin directory: <http://somethingspecialwi.com/> You never know what you may find and how you could give back to our community as you give to your family and friends.

For more information and to connect with me, visit my website <http://legis.wisconsin.gov/senate/17/marklein> and subscribe to my weekly E-Update by sending an email to Sen.Marklein@legis.wisconsin.gov. Do not hesitate to call 800-978-8008 if you have input, ideas or need assistance with any state-related matters.

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